

Message Text

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ACTION EA-12

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FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 2358

INFO AMEMBASSY KUALA LUMPUR

AMEMBASSY JAKARTA

AMEMBASSY MANILA

AMEMBASSY SINGAPORE

AMEMBASSY TOKYO

AMCONSUL HONG KONG

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EO 11652: N/A

TAGS: ELAB TH

SUBJECT: INCREASING UNION ACTIVITY AND LABOR UNREST

1. SUMMARY: DURING PAST TWO WEEKS BANGKOK AREA HAS EXPERIENCED MARKED INCREASE IN LABOR UNION ACTIVITY AND LABOR UNREST. LABOR CONGRESS OF THAILAND (LCT) ON MARCH 20 GAVE PRIME MINISTER KRIANGSAK CHAMANAN FIVE POINT PROPOSAL CALLING FOR 60 PERCENT INCREASE IN MINIMUM WAGE AND REINSTITUTION OF RIGHT TO STRIKE. FROM MARCH 21 TO 26 STATE RAILWAY WORKERS STAGED "WORK TO RULES" SLOWDOWN IN ORDER TO DRAMATIZE THEIR DEMANDS FOR HIGHER PAY AND SAFER WORKING CONDITIONS. ON MARCH 27 THAILAND TOBACCO MONOPOLY WORKERS BEGAN SIT-IN STRIKE.

2. RTG REACTION HAS THUS FAR BEEN REASONABLY RESTRAINED. PRIME MINISTER KRIANGSAK CHAMANAN HAS INDICATED HE FAVORS REEXAMINATION
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OF MINIMUM WAGE LEVELS WITH SOME UPWARD ADJUSTMENT. AT SAME TIME PM HAS ISSUED STERN WARNING TO WORKERS NOT TO MAKE "UNREASONABLE DEMANDS" OR TO VIOLATE THE LAWS, IE STRIKE. ACTING IN HIS CAPACITY AS MINISTER OF INTERIOR, KRIANGSAK ALSO ANNOUNCED THE APPOINTMENT OF TEN GOVERNMENT REPRESENTATIVES TO THE NATIONAL LABOR DEVELOPMENT COUNCIL, A TRIPARTITE BODY AUTHORIZED UNDER NARC ORDER NO. 47 TO ADVISE THE RTG

ON LABOR MATTERS. END SUMMARY.

3. IN RESPONSE TO RTG'S MARCH 8 ANNOUNCEMENT OF TARIFF INCREASES ON 141 IMPORTED GOODS INCLUDING PETROLEUM, PHAISAN THAWATCHAINAN, LEADER OF THE LABOR CONGRESS OF THAILAND (LCT), ON MARCH 12 CALLED FOR INCREASE IN MINIMUM WAGE FOR BANGKOK AND FIVE NEIGHBORING PROVINCES FROM 28 BAHT (\$1.40) PER DAY TO 45 BAHT (\$2.25) OR 50 BAHT (\$2.50) PER DAY. ON MARCH 20, PHAISAN AND OTHER LCT LEADERS SENT PRIME MINISTER KRIANGSAK CHAMANAN OFFICIAL LCT FIVE POINT PROPOSAL WHICH CALLED FOR A) RIGHT TO STRIKE, B) IMMEDIATE RTG APPOINTMENT OF TEN GOVERNMENT REPS TO THE NATIONAL LABOR DEVELOPMENT COUNCIL, C) INCREASE IN MINIMUM WAGE FOR BANGKOK AREA TO 45 BAHT PER DAY WITH COMPARABLE INCREASES FOR OUTLYING PROVINCES, D) TIGHTER AND MORE COMPREHENSIVE RTG PRICE CONTROL ON RETAIL PRICES AND E) RTG PROMOTION OF COOPERATIVES TO ELIMINATE PROFITS OF MIDDLEMEN.

4. PM KRIANGSAK REACTED TO LCT DEMAND FOR INCREASE IN MINIMUM WAGE RATE BY AGREEING THAT SOME UPWARD ADJUSTMENT IS WARRANTED. HE CAUTIONED, HOWEVER, RTG NEEDS TIME TO STUDY MATTER MORE THOROUGHLY TO INSURE EQUITY FOR ALL PARTIES INVOLVED. MINISTRY OF INTERIOR HAS IN FACT BEEN STUDYING MINIMUM WAGE PROVISIONS EVEN SINCE LAST UPWARD ADJUSTMENT ON OCT 1, 1977, AND IS KNOWN TO FAVOR RESTRUCTURING SYSTEM TO PROVIDE DIFFERENTIATED MINIMA ACCORDING TO SKILL CLASSIFICATIONS. LABOR LEADERS STRONGLY OPPOSE THIS APPROACH WHICH THEY BELIEVE LIMITED OFFICIAL USE

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WOULD WORK TO DISADVANTAGE OF POOREST OF UNSKILLED AND UNORGANIZED WORKERS. IN ANY CASE MINIMUM WAGE DEBATE IS TO LARGE EXTENT ACADEMIC AS MANY EMPLOYERS IN PRACTICE PAY LESS THAN MINIMUM RATES. GOVERNMENT EDICT WITHOUT STRICT ENFORCEMENT OF THE LAW WOULD BE UNLIKELY TO CHANGE THIS SITUATION.

5. IN APPARENT RESPONSE TO LCT DEMAND, PM KRIANGSAK, ACTING IN HIS CAPACITY AS MINISTER OF INTERIOR, SIGNED ORDER ON MARCH 22 OFFICIALLY ESTABLISHING 20 MAN, TRIPARTITE NATIONAL LABOR DEVELOPMENT COUNCIL (NLDC). THIS BODY, WHICH CONSISTS OF FIVE WORKER REPS, FIVE EMPLOYER REPS, FIVE ACTIVE RTG EMPLOYEES AND FIVE RETIRED FORMER RTG EMPLOYEES, WAS AUTHORIZED UNDER NARC ORDER NO. 47 TO ADVISE RTG ON LABOR POLICY. WORKER REPS WERE CHOSSES LAST AUGUST, EMPLOYER REPS IN JANUARY.

6. FRUSTRATED BY FAILURE OF STATE RAILWAYS OF THAILAND (SRT) MANAGEMENT TO RESPOND TO 7 NEGOTIATING DEMANDS SUBMITTED FEB 27, THE RAILWAY OPERATION WORKERS UNION CONSISTING OF MECHANICS, DRIVERS AND MAINTENANCE WORKERS BEGAN "WORK TO RULE" SLOWDOWN ON MARCH 21 TO DRAMATIZE THEIR CASE. UNION SOUGHT STRICTER OBSERVANCE OF SAFETY PROVISIONS AND MAJOR INCREASES IN PAY SCALE. FOR NEARLY ONE WEEK SRT TRAINS RAN UP TO FIVE

HOURS BEHIND SCHEDULE, CAUSING PUBLIC CONSIDERABLE INCONVENIENCE AND RECEIVING WIDESPREAD COVERAGE IN LOCAL PRESS. WHEN NEGOTIATIONS BETWEEN MANAGEMENT AND TH UNION BECAME DEADLOCKED ON MARCH 23, DEPARTMENT OF LABOR STEPPED IN TO MEDIATE THE DISPUTE. WITH CONSIDERABLE PRESSURE FROM PM KRIANGSAK AND GENERAL YOT THEP-HATSADIN, CHAIRMAN OF THE SRT BOARD OF DIRECTORS, PARTIES REACHED AN ACCOMMODATION WHICH GAVE WORKERS MODEST WAGE INCREASES AND PROMISE SAFETY MEASURES WOULD BE IMPROVED.

7. ON MARCH 27, 1978 THAILAND TOBACCO MONOPOLY (TTM) WORKERS UNION BEGAN SIT-IN STRIKE, PURPOSE OF WHICH WAS TO FORCE TTM TO COMPESNATE WORKERS FOR BACK TAXES OWED ON PREVIOUS COST OF LIVING ADJUSTMENTS. BY END OF DAY, UNION REPS AND TTM MANAGEMENT HAD REACHED APPARENT SETTLEMENT, IN WHICH TTM LIMITED OFFICIAL USE

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MANAGEMENT AGREED TO USE MONEY FROM PROVIDENT FUND TO PAY BACK TAXES AND TO CONSIDER UPWARD ADJUSTMENT OF PAY SCALE. HOWEVER, RAND AND FILE REJECTED SETTLEMENT TERMS BECAUSE NO SPECIFIC DATE SET FOR WAGE INCREASES AND THE STRIKE CONTINUES. DEPARTMENT OF LABOR HAS SENT MEDIATOR TO HELP IN SEARCH FOR SETTLEMENT.

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8. OBVIOUSLY CONCERNED BY INCREASE IN LABOR UNREST, PRIME MINISTER KRIANGSAK CHAMANAN ON MARCH 27 ISSUED A STRONG WARNING THAT RTG WOULD NOT SUBMIT TO UNREASONABLE DEMANDS BY WORKERS NOR TOLERATE VIOLATIONS OF THE LAW. WARNING WAS AIMED IN PARTICULAR AT WORKERS OF THE PROVINCIAL WATER SUPPLY DIVISION (PWS), WHO ARE REPORTEDLY CONTEMPLATING STRIKE ACTION ON APRIL 1 TO PROMOTE DEMAND THAT PWS BE UPGRADED TO STATE ENTERPRISE STATUS. HOWEVER, WARNING ALSO INTENDED TO DISCOURAGE ANY OTHERS, BOTH IN PUBLIC OR PRIVATE SECTORS, WHO MIGHT BE PLANNING STRIKES OR OTHER DISRUPTIVE WORK ACTIONS.

9. COMMENT: CURRENT LABOR UNREST PRESENTS PRIME MINISTER KRIANGSAK WITH DIFFICULT PROBLEM, WHICH IF NOT PROPERLY ADDRESSED COULD LEAD TO EROSION OF POLITICAL SUPPORT. ON ONE HAND PM HAS WORKED HARD TO DEVELOP LABOR SUPPORT AND WANTS TO APPEAR CONCERNED AND FORTHCOMING TOWARD LABOR'S REASONABLE REQUESTS. ON OTHER HAND, LIMITED OFFICIAL USE

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GIVEN WORKERS' PENT UP WAGE DEMANDS AND GENERAL EXCITABILITY, EXACERBATED BY CONTINUED RISE IN COST OF LIVING DUE IN PART TO HIGHER CUSTOMS DUTIES AND GAS PRICE, POTENTIAL FOR ESCALATION OF LABOR UNREST IS VERY REAL AND COULD BE USED BY PM KRIANGSAK'S CONSERVATIVE OPPONENTS, ESPECIALLY WITHIN MILITARY, TO DISCREDIT HIS ADMINISTRATION.

10. THAI LABOR LEADERS ARE HIGHLY SENSITIVE TO POLITICAL CLIMATE AND HAVE NOTED THAT ON STRIKES AND WORK ACTIONS TAKEN THUS FAR UNDER KRIANGSAK GOVERNMENT, WORKERS HAVE RECEIVED FAVORABLE SETTLEMENTS AND RTG HAS TAKEN LITTLE OR NO ACTION AGAINST VIOLATORS OF MARTIAL LAW PROHIBITION ON STRIKES. THIS HAS PROBABLY ENCOURAGED UNION LEADERS AS WELL AS RANK AND FILE TO CONSIDER STRIKE OPTION AS MEANS OF PROMOTING WAGE DEMANDS. (AS WAGES HAVE INCREASED ONLY MINIMALLY SINCE OCTOBER 1976 AND 8 PER CENT INFLATION HAS REDUCED REAL INCOME, WORKERS, ESPECIALLY IN LOWER PAYING JOBS, ARE FRUSTRATED.) HOWEVER, THE EXAMPLE OF UNION LEADERSHIP UNABLE TO PERSUADE RANK AND FILE TO ACCEPT NEGOTIATED SETTLEMENT MAY HAVE SOBERING IMPACT ON OTHER UNION LEADERS AS WELL AS ON RTG. WHITEHOUSE

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